

DECEMBER 2002 HIGHLIGHTS

December's permit activity amounted to \$737.7 million; 545 municipalities reported. New houses and work on existing ones accounted for \$415.9 million, 56.4 percent of this total, and nonresidential construction was \$321.9 million, 43.6 percent.

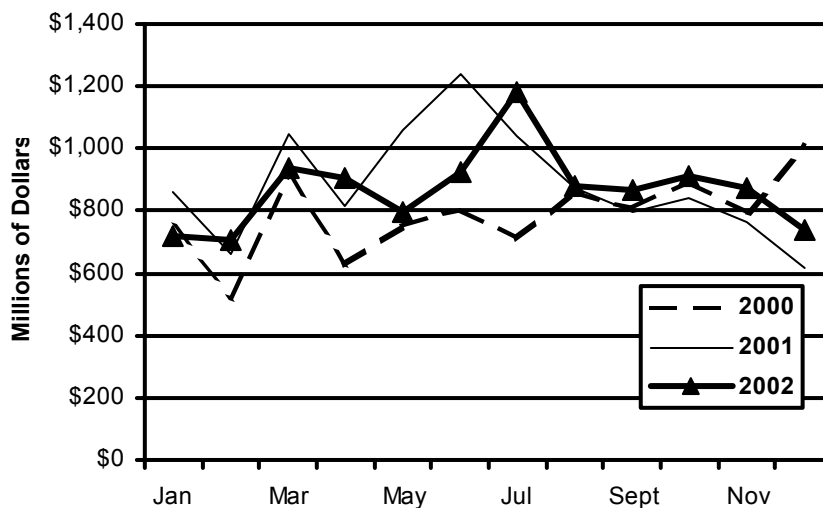
Top Performers

Howell Township in Monmouth County led all localities with \$27.2 million. Two new middle schools and a new elementary school accounted for most of the work. Hopewell Township in Mercer County and Middletown Township in Monmouth County had \$18.6 million and \$18.1 million, respectively. The big project in Hopewell was a new water tower. A \$12.3-million school renovation accounted for most of the work in Middletown.

Year to Date

New Jersey's construction industry performed strongly in 2001 and continued to do so in 2002, but this strong performance has started to slow down. Figures for 2002 are preliminary, however, as not all municipalities have reported. The estimated cost of construction authorized by permits between January and December thus far amounted to just under \$12 billion. Last year, a record year, the total reported was just over \$12 billion. By the time final figures are available for 2002, end-of-year figures should be slightly more than last year, but the rate of growth has slowed considerably. In 2001, the estimated cost of all activity authorized by building permits increased by nearly \$620 million, or 5.4 percent. This year, there is likely to be little to no growth in authorized construction compared to last year.

Estimated Cost of Construction



The year-to-date figure for the number of new houses authorized by building permits is down by nearly 4 percent compared to last year. About 34,400 new houses were authorized for construction between January and December. Last year, there were 35,680 authorized housing units. In the year 2000, the high point for the decade, authorized housing reached 38,065. The preliminary figure for 2002 is about 3,600 units below the decade-high mark, a decline of about 10 percent. A big drop-off occurred in new office construction. Last year was a record year with more than 19 million square feet of new space authorized by building permits. Jersey City in Hudson County led the way with 4.1 million square feet. Included in this was the new Goldman Sachs tower, which when complete, will be the largest man-made structure in New Jersey. This year, the preliminary figure for new office space totaled only 9.2 million square feet, less than half the record level set last year. New retail space authorized in 2002 thus far reached nearly 7.6 million square feet. This is 4.4 percent more than last year. Hamilton Township in Mercer County accounted for nearly 14 percent of all new retail space authorized in 2002.

New Jersey Construction Indicators: 1996-2002*				
	Estimated Construction Costs	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
1996	\$7,028,424,990	27,577	6,229,515	4,880,139
1997	\$8,346,533,144	30,017	10,409,171	5,688,955
1998	\$9,396,755,517	35,676	12,703,824	7,921,892
1999	\$10,584,167,530	37,536	13,237,891	6,229,471
2000	\$11,387,683,514	38,065	15,531,039	6,063,412
2001	\$12,007,456,630	35,680	19,134,533	7,244,833
2002*	\$11,993,074,459	34,398	9,214,188	7,560,913
<i>Change Between 2001 and 2002*</i>				
2001-2002*	-\$14,382,171	-1,282	-9,920,345	316,080
Percent Change 2001-2002*	-0.1%	-3.6%	-51.8%	4.4%
*Figures for 2002 are preliminary.				
Source: N.J. Department of Community Affairs, 2/7/03				

Urban Boom

Last year's strong performance by the construction industry was led by tremendous commercial and residential development in New Jersey's two largest cities. Jersey City and the City of Newark in Essex County had the most construction measured by the estimated dollar amount authorized by building permits. These two cities also had the most new houses in 2001. This trend continued in 2002. Jersey City had the most activity between January and December, with authorized construction estimated at \$314.2 million. Newark ranked second with \$306.6 million. Newark had the most new houses: 1,212 authorized units. Jersey City ranked second with 907 authorized dwellings in 2002. In addition to housing, other big development in Jersey City in 2002 included a new medical center and new office buildings. Big projects in Newark included a new bank and office complex, a medical center, and a six-story office building for the New Jersey Institute of Technology.

Construction Indicators Top New Jersey Municipalities: 2002*					
Municipality	County	Estimated Cost of Construction (dollars)	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
Jersey City	Hudson	\$314,153,430	907	157,199	430
Newark	Essex	306,609,393	1,212	479,267	21,413
Atlantic City	Atlantic	247,068,162	201	972	8,000
Vineland	Cumberland	188,442,308	251	150,176	8700
North Bergen	Hudson	168,711,705	63	0	0
Montgomery	Somerset	139,845,765	607	0	0
East Brunswick	Middlesex	130,107,355	207	108,074	467,844
Hamilton	Mercer	123,481,081	421	283,439	1,055,656
Weehawken	Hudson	122,481,081	0	0	0
Jackson	Ocean	117,257,632	599	0	20,951
Top Municipalities		\$1,858,057,880	4,468	1,179,127	1,582,994
New Jersey		\$11,993,074,459	34,398	9,214,188	7,560,913
*Figures for 2002 are preliminary. Italics indicate top among all municipalities. Source: N.J. Department of Community Affairs, 2/7/03					

Atlantic City in Atlantic County reported \$247.1 million of construction. The two biggest projects were a new Resorts Hotel and an addition to the Showboat Hotel. The City also approved construction of a new middle school. The City of Vineland in Cumberland County had \$188.4 million of construction. A new hospital accounted for most of this work. In North Bergen Township, Hudson County, most of the work reported was for excavation and construction of a new light-rail facility; the estimated

cost of this activity was \$150 million. A new high school, a nursing home, and housing, including assisted-living facilities, accounted for most of the work in Montgomery Township, Somerset County. East Brunswick Township in Middlesex County had a variety of development including new houses, a new school, and retail construction. Hamilton Township had nearly 1.1 million square feet of new retail space authorized for construction in 2002. Other big projects that broke ground this year in the suburban municipality in central New Jersey were an office building for Horizon Bank, and a criminal court and justice complex. A permit authorizing an estimated \$100 million for a light-rail system accounted for most of the work in Weehawken Township, Hudson County. Jackson Township in Ocean County had 599 authorized houses in 2002, ranking seventh among all localities. In addition, the local construction office issued a \$12.2-million permit to build an elementary school.

New House Prices

The median sale price of the 4,971 new houses that began enrollment in a new home warranty program between October 1 and December 31, 2002 was \$279,900. This was only about half a percentage point higher than the median sales price last quarter. Bergen County had the highest priced homes. Half of the 273 houses that began enrollment in a new home warranty program in the fourth quarter of 2002 had a sales price in excess of \$515,950. The median sales price of a new home in Hunterdon County was \$504,565.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
1 st Quarter 2002	4,632	\$251,056	
2 nd Quarter 2002	5,361	\$269,900	7.5%
3 rd Quarter 2002	4,831	\$278,500	3.2%
4 th Quarter 2002	4,971	\$279,990	0.5%
Source: N.J. Department of Community Affairs, 2/7/03			